



BARBADOS PRIVATE SECTOR TRADE TEAM

A DIVISION OF THE BARBADOS PRIVATE SECTOR ASSOCIATION

Grenada Country Profile



2011



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This profile contains the following information:

- **General Information** as it pertains to the: geography, climate, national and environmental hazards, natural resources, language, demographics and government and politics of Grenada;
- **Social Indicators** of the level of human development including statistics on health, education, inequality, gender inequality, environmental sustainability and overall human development ranking;
- **Reaching Consumers** reveals the *Infrastructure for Trade Facilitation* which contains information on ports and terminals, airports, telecommunications, media and roads;
- An **Economic Outlook** which comprises an economic overview of the economy and lists a number of economic indicators such as statistics on: the Gross Domestic Product (GDP), the labour force, unemployment, poverty and inflation rates;
- **Trade Overview** provides a visual display of the major imports/ exports and provides the Grenada trade balance with Barbados and with CARICOM;
- **Bilateral Relations**; shows data on trade flows between Barbados and St. Lucia and provides a brief synopsis on tourism
- **Market Access** includes an overview of:
 - *-Trade Agreements Entered into Force-* this category lists multilateral agreements, customs unions, free trade agreements and partial preferential agreements of which Grenada is a party;
 - Bilateral Investment Treaties-* includes partners, date of signature and date of entry into force if applicable;
 - Trade Policy and Measure Affecting Trade-* consists of measures which have negative or positive impacts on exports and imports;
- **Business Environment-** information on the steps to starting a business, the grant of construction permits, applicable taxes, procedures and documentation needed to facilitate trade across borders.



1. GENERAL INFORMATION

Geography

The State of Grenada lies between Trinidad and Tobago to the south and St. Vincent and the Grenadines to the north in the Eastern Caribbean. It is the southern-most of the Windward Islands. It is 100 miles north of Venezuela, 158 miles south west of Barbados. Grenada is 12 miles (18km) wide and 21 miles (34km) long, and covers a land area of 120 sq. miles (440 sq. km), Carriacou is 13 sq. miles (34 sq. km) and Petite Martinique is 486 acres (194 hectares). The island is volcanic and traversed by a mountain range, the highest peak of which is Mount St. Catherine (2,756 ft; 840 m).¹ Grenada's volcanic origin has produced topography of great beauty and environmental variety, ranging from mountainous rainforest to dry lowlands and coastal mangroves. Ancient volcanic craters can be found in the central massif.²

Main Cities

Saint George's is the nation's capital and largest city

Climate

Grenada is covered in lush tropical vegetation and rainforests. The average year-round temperature is 80 degrees Fahrenheit. Daily highs usually climb to 86 degrees Fahrenheit, and low temperatures, which usually occur at night, stay near 75 degrees Fahrenheit. The hottest months are from June through August. The dry season falls between January and May, when showers are few and sporadic. The rainy season is June through December, when conditions are more humid, and Grenada experiences some heavy rainfall.³

¹ [Grenada: History, Geography, Government, and Culture — Infoplease.com:](http://www.infoplease.com/ipa/A0107592.html#ixzz1fV0ExaP8)

<http://www.infoplease.com/ipa/A0107592.html#ixzz1fV0ExaP8>

² http://www.gov.gd/about_grenada.html

³ <http://worldfacts.us/Dominica.htm>



Natural and Environmental Hazards

Grenada lies on the edge of a hurricane belt; hurricane season lasts from June to November⁴

Natural Resources

Timber, tropical fruit, deepwater harbors

Demographics

Grenada has a population of 108,419 (July 2011 est.)⁵

In the 2001 census, ethnic groups were divided as follows: : black 82%, mixed black and European 13%, European and East Indian 5%, and traces of Arawak/Carib Amerindian.

Distribution of Population According to Age (2011 est)

Age Group	Group's % of Population	Male	Female
0-14	25.4	14,152	13,390
15-64	65.7	36, 245	34,960
65 years and over	8.9	4,372	5,300

Source: www.indexmundi.com

Religion

Roman Catholic 53%, Anglican 13.8%, other Protestant 33.2%⁶

⁴ CIA World Factbook

⁵ CIA World Factbook

⁶ CIA World Factbook



Language

English (official), French patois⁷

Time Zone

GMT- 4

Government & Politics

Grenada gained independence from Britain in 1974 and is an independent nation within the British Commonwealth. Her Majesty, Queen Elizabeth II is the Head of State and is represented locally by the Governor General, who is appointed on the advice of the Prime Minister. Grenada has a West Minister Style Parliamentary form of Government. The Parliament which exercises legislative power consists of the House of Representatives and the Senate. Executive power lies with the Prime Minister and his Cabinet.⁸ Representation in the House of Representatives is apportioned according to population. The leader of the party securing the majority of seats in Parliament is named prime minister by the governor general. The leader of the party winning the next largest bloc of seats is named leader of the opposition. The prime minister has the right to recommend the appointment of seven senators of his own choosing, plus an additional three senators who are to be selected in consultation with "the organizations or interests which the Prime Minister considers the Senators should be elected to represent." These "organizations and interests," although not enumerated in the Constitution, traditionally encompass agricultural and business groups as well as trade unions. In addition to the ten senators nominated by the prime minister, the leader of the opposition is entitled to three nominations of his own. Thus, total membership of the Senate is thirteen.⁹ General Elections are held every five (5) years.

⁷ CIA World Factbook

⁸ http://www.gov.gd/about_grenada.html

⁹ <http://countrystudies.us/caribbean-islands/79.htm>



2. SOCIAL INDICATORS

Unemployment and poverty remain high even with recent increase of the minimum wage. While indigence was seen as significantly lower than previously, at 2.4% in 2008, the poverty rate was at an extreme 37.7%, the highest incidence of extreme poverty in the Eastern Caribbean. Unemployment is estimated to have risen to 24.9% in 2008, with the unemployment rate of the poor being 10 % above average.¹⁰

In terms of living conditions, it was found that the majority of households used pit latrines (66%), and approximately 59 % of households had water in their taps 7 days per week.¹¹

School enrolment was almost universal, with 93.8% of 5-9 year olds and 97.2 % of 10-14 year olds enrolled in school respectively. However, 77 % of heads of households had only primary level education. Residents in certain communities have lower levels of education, and illiteracy is said to be high. While the government increased spending on education from 5.3% of GDP in 2000 to 6.3% in 2002, low teacher qualification remains endemic.¹² Of the 48 countries that are members of the Small States Forum, Grenada has the second highest Emigration rate of tertiary educated students - 85.1% (second only to Guyana at 89%)

¹⁰ Country Poverty Assessment 2007, Found at
<http://www.caribank.org/titanweb/cdb/webcms.nsf/75f7ba2c7557c2e50425745900719b7a!OpenView>

¹¹ UNDP. Retrieved from <http://www.bb.undp.org/index.php?page=grenada>

¹² Caribbean Development Bank Annual Economic Review 2007. Found at:
[http://www.caribank.org/titanweb/cdb/webcms.nsf/AllDoc/D5A46819F1F0926904257465005BBA11/\\$File/Grenada.pdf](http://www.caribank.org/titanweb/cdb/webcms.nsf/AllDoc/D5A46819F1F0926904257465005BBA11/$File/Grenada.pdf)



Health index	0.883
<i>Indicators</i>	
<i>Life Expectancy at birth (years)</i>	76.0
<i>Expenditure on health, public (% of GDP)</i>	3.6
<i>Under-five morality (per 1,000 live births)</i>	15
Education	
<i>Indicators</i>	
<i>Public expenditure on education (% GDP)</i>	5.6
<i>Expected years of schooling of children (under 7 in years)</i>	16.0
<i>Mean years of schooling of adults (years)</i>	8.6
<i>Adult literacy rate, both sexes (% aged 15 and above)</i>	n.a.
<i>Combined gross enrolment ratio in education (both sexes) %</i>	91.8
Inequality	
<i>Indicators</i>	
<i>Inequality-adjusted education index</i>	n.a.
<i>Inequality-adjusted income index</i>	n.a.
Gender inequality index value	
<i>Indicators</i>	
Population with at least secondary education, female/male ratio	n.a.
Adolescent fertility rate (births per 1,000 women aged 15-19 years)	42.4
Sustainability	
<i>Indicators</i>	
Engendered species (% of all species)	10
Ecological footprint of consumption (global hectares per capita)	n.a.
Greenhouse gases per capita	n.a.



Natural resource depletion (% of GNI)	<0.1
Carbon dioxide per capita emissions (growth 1970-2008) (%)	4.4
Forest area (thousand ha)	17
Change in forest area (%)	0.0
Impact of natural disasters: number of deaths (average per year per million)	37
Impact of natural disasters: population affected (average per year per million)	59,.003
Environmental Performance Index	n.a.
Forest area (% of total land area)	50.0
Carbon Dioxide Emissions per capita (tonnes)	2.4
Human Development Index Rank	67

Source: undp.org



3. REACHING CONSUMERS : TRANSPORTATION AND COMMUNICATION

Transportation

By Air

Grenada has two government owned airports, Point Salines International Airport (Grenada) and Lauriston Airport (Carriacou). Foreign ownership of airports is not permitted. Carriers operating flights in and out of Grenada are predominantly from the region, but also from the United States, United Kingdom, and Canada.¹³ Generally, only high value and urgent cargo is flown into Grenada. Most goods transported to the United States and the United Kingdom, such as shipments of fish and vegetables, are via regular airlines.

Cabotage is, in principle, reserved for domestic carriers. Since, however, there is no locally incorporated airline, SVG Air (incorporated in St. Vincent and the Grenadines), provides these services, but its permit must be renewed annually. Domestic airlines must be substantially owned by citizens of Grenada or a CARICOM member state, unless a waiver is granted.

Overall responsibility for air transport in Grenada rests with the Minister responsible for civil aviation, currently the Minister of Tourism, Civil Aviation, Culture and the Performing Arts. The Air Transport Licensing Board is responsible for issuing civil aviation licences to airlines to operate in Grenada. At the regional level, safety and security matters are the responsibility of the Eastern Caribbean Civil Aviation Authority (ECCAA)

Approval by the Minister of Tourism is required before air transport service licences may be granted by the Air Transport Licensing Board. This Ministerial approval requirement does not apply, however, to citizens of Grenada or a member state of the OECS or CARICOM; or a body

¹³ Information provided by the authorities.



incorporated in Grenada that is substantially controlled by citizens of Grenada or a OECS/CARICOM member state.

The following must be considered in granting a licence: existence of other air services; need/demand for the proposed service; and any unfair advantage of the applicant over other operators by reason of the terms of employment of persons employed. The above issues are not considered for countries with which Grenada has a bilateral air agreement, unless the Minister directs otherwise. However, consideration is given to whether the airline is fit, willing, and able to operate the service.

Responsibility for airport administration lies with the Grenada Airports Authority, which has full jurisdiction for airports within the state.¹⁴ The Authority is responsible for setting the fees for airport services. It has a monopoly on the provision of airport management services; however, private (local and foreign) participation is permitted with respect to auxiliary services. According to the authorities, contracts are in place for ground-handling services, catering, advertising, re-fuelling, maintenance of air navigation equipment, and general concessions.

Grenada levies an Airport Service Charge on passengers leaving Grenada by air. Grenada is a contracting state of ICAO. It has two bilateral air services agreements, recorded by ICAO, with the United Kingdom (2002) and Suriname (1996).¹⁵

By Sea

Grenada's principal port is St. Georges. All commercial ports are currently owned by the Government of Grenada. The port of St. Georges has the capacity to hold two mega ships simultaneously. Grenada levies a cruise passenger tax (section and an environmental levy on vessels to cover the costs of garbage disposal.

¹⁴ Grenada Airports Authority Act No. 9 of 1985.

¹⁵ WTO TPR



Transportation Statistics	
Airports	3 (2010)
Airports with paved runways	3 (2010)
Airports with unpaved runways	-
Pipeline (oil)	-
Railways	nil
Roadways	1,127 km

Telecommunications

Telecommunications in Grenada are under the responsibility of the Minister for Agriculture and Utilities. The National Telecommunications Regulatory Commission of Grenada is responsible for regulation of the sector.¹⁶ At the regional level the Eastern Caribbean Telecommunications Authority (ECTEL) plays an important advisory and policy-coordinating role.

Cable and Wireless is the only provider of fixed line services. Tariffs for local fixed-line-to-fixed-line calls and local fixed-line-to-mobile calls are regulated by a Price Cap Plan introduced in December 2004. International fixed-line calls are not covered by the Price Cap Plan.

¹⁶ National Telecommunications Regulatory Commission of Grenada online information. Viewed at: <http://www.ectel.int/grd>.



Grenada allows full foreign participation in telecommunications companies. A 10% government tax is applied to international telephone calls, and a 5% tax is charged on telecommunications services.¹⁷ There are no sector-specific fiscal incentives. The Government of Grenada has a 30% stake in the incumbent provider, Cable and Wireless (Grenada) Ltd.

The print press	Television	Radio
The Grenada Guardian - weekly	GBN TV - operated by Grenada Broadcasting Network	Klassic Radio - speech and music station operated by GBN
The Grenada Informer - weekly	MTV - private station	HOTT FM - operated by GBN
The Grenada Times - weekly		Spice Capital Radio - private FM station
Grenada Today - weekly		Harbour Light of the Windwards - Christian station
The Grenadian Voice - weekly		Voice of Grenada - private FM station, music and news

Source: http://news.bbc.co.uk/2/hi/americas/country_profiles/1209605.stm

Grenada : Telecommunications Statistics

<i>Telephone System:</i>	<i>Automatic; island-wide</i>
<i>Telephone Fixed Lines:</i>	<i>28,600 (2009)</i>
<i>Mobile Phones:</i>	<i>64,000 (2009)</i>
<i>Country code</i>	<i>1 (473)</i>
<i>Radio Broadcast stations</i>	<i>AM- 2; FM-12 (2009)</i>
<i>Television Broadcast stations</i>	<i>2 (2009)</i>
<i>Internet Code</i>	<i>.gd</i>

¹⁷ The legislative basis for the 5% tax on telecommunications services is Consumption Tax Act No. 7 of 1995. The authorities indicate that the tax is levied on all telecom services except where there are exemptions provided for under the Act.



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<i>Internet Hosts</i>	<i>52 (2010)</i>
<i>Internet Users</i>	<i>35, 000 (2010)</i>
<i>Mobile Subscribers</i>	<i>121, 946 (2010)</i>
<i>Personal Computers</i>	<i>16,000 (2004)</i>
<i>Telephone Lines</i>	<i>28,369 (2010)</i>



4. ECONOMIC OUTLOOK

Grenada has continued to move away from agricultural production and towards service activities, which accounted for some 70.5% of GDP at basic prices in 2005. Government services and transportation account for particularly large shares of GDP.

Other sectors of importance are construction, which accounted for some 21.5% of GDP in 2005, manufacturing (6%), water and electricity (5.7%), agriculture (5.3%), and mining and quarrying (0.6%).¹⁸

Agriculture is dominated by traditional crop production, i.e. nutmeg, cocoa, and bananas. The sector was severely affected by hurricanes in 2004 and 2005. Until 2004, Grenada was one of the world's main producers of nutmeg, which accounted for over 40% of total exports. Following the hurricanes, production of this and other main crops plummeted: nutmeg production fell by over 90% between 2004 and 2005.

The manufacturing sector in Grenada is small and primarily concentrated in the production of light manufactures, such as beverages (beer, malt, rum, and soft drinks), paints and varnishes, garments, flour, wheat bran, pasta, oxygen, acetylene, cigarettes, animal feed, and toilet paper. Most of the production is geared to the domestic or OECS market.

Grenada is a member of the Eastern Caribbean Currency Union (ECCU). Monetary and exchange rate policy is determined by the Monetary Council of the Eastern Caribbean Central Bank (ECCB), which keeps the EC dollar pegged to the U.S. dollar at a rate of EC\$2.70/US\$1. Movements in the real effective exchange rate of the EC dollar are related largely to changes in the value of the U.S. dollar vis-à-vis other major currencies.¹⁹

¹⁸ The totals do not add to 100% since it is necessary to subtract the financial intermediation services indirectly measured (FISIM), which includes total property income receivable by financial intermediaries minus their total interest payable. For details see: ECCB (2006b).

¹⁹ WTO document. See TPR Grenada



Grenada relies on tourism as its main source of foreign exchange, especially since the construction of an international airport in 1985. In 2009 the economy contracted by 7.7 %, compared to real growth of 2.2 % in 2008.

Currency

Grenada utilizes the East Caribbean dollar (sign: \$; code: **XCD**). It is the currency of eight of the nine members of the Organisation of Eastern Caribbean States . It has existed since 1965, being the successor to the British West Indies dollar, and it is normally abbreviated with the dollar sign \$ or, alternatively, *EC\$* to distinguish it from other dollar-denominated currencies. The EC\$ is subdivided into 100 cents.

1 BBD= 1.31896 XCD

1 USD= 2.68820 XCD

1 Euro = 3.50404 XCD²⁰

Table Showing GDP and Economic Information

Central bank	N/A
International Reserves	US\$ 119.115 million (Source: World Bank; Data updated: November 2009)
Gross Domestic Product – GDP	US\$ 728 million (2009 estimate)
GDP per capita - PPP	\$10,878 billion of International Dollars (2008 estimate)
GDP (Purchasing Power Parity)	1.12 billion of International dollars (2009 estimate)
GDP - composition by sector	agriculture: 5.4% industry: 18% services: 76.6% (2003 estimate)

²⁰ Retrieved from www.oanda.com Dec 29 2011



Source Global Finance <http://www.gfmag.com>

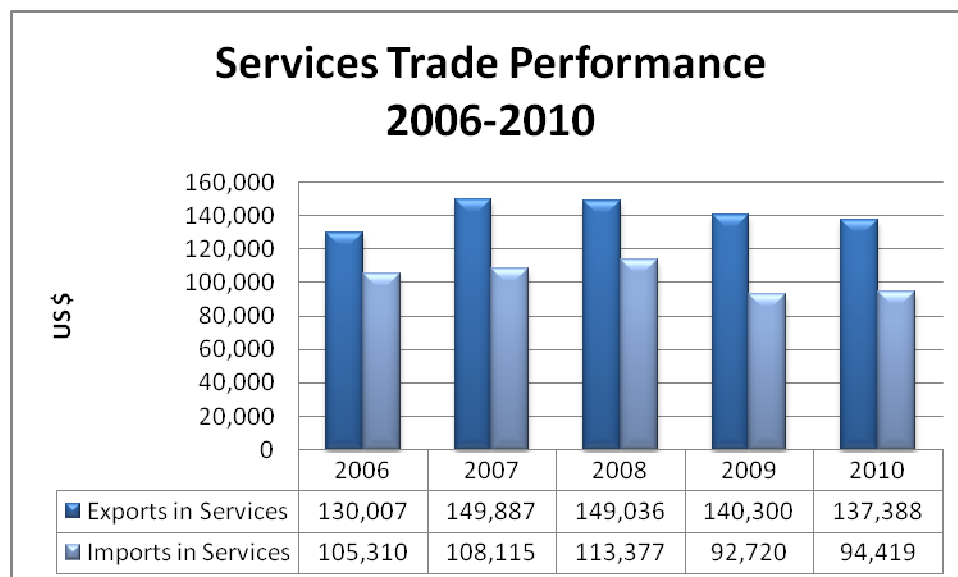


5. TRADE OVERVIEW

Merchandise Trade Performance



Services Trade Performance



Source: Intracen



List of markets engaged in trade with Grenada

Importers	Imported value in 2010 (USD 1000)	Imported value in 2010 (XCD 1000)	Exporters	Exported value in 2010 (USD 1000)	Exported value in 2010 (XCD 1000)
Japan	6,460	17,365.8	United States of America	130,656	351,229
United States of America	5,762	15,489.4	Trinidad and Tobago	101,626	273,191
France	4,775	12,836.2	Japan	17,942	48,231.7
Saint Lucia	2,759	7,416.74	United Kingdom	15,447	41,524.6
Dominica	2,458	6,607	China	10,097	27,142.8
Barbados	1,687	4534.99	Canada	8,079	21,718.0
Netherlands	1,634	4,392.5	Venezuela	8,062	21,672.3
Saint Kitts and Nevis	1,514	4,069.9	Brazil	7,873	21,164.2
Trinidad and Tobago	1,275	3,427.46	Netherlands	7,664	20,602.4
Saint Vincent and the Grenadines	941	2,529.6	Barbados	6,683	17,965.2

Source: ITC

Grenada Top 10 Merchandise Exports to the World 2010

Product label	Exported value in 2010 (USD 1000)	Exported value in 2010 (XCD 1000)
Commodities not elsewhere specified	7,292	19,602.4
Electrical, electronic equipment	3,174	8,532.2
Meat and edible meat offal	1,793	4,819.94
Vehicles other than railway, tramway	1,452	3,903.27
Cereals	1,176	3,161.32
Dairy products, eggs, honey, edible animal products	958	2,575.3
Wood and articles of wood, wood charcoal	621	1,669.4
Optical, photo, technical, medical, etc apparatus	595	1,599.48
Pharmaceutical products	576	1,548.4

Source: ITC calculations based on COMTRADE statistics.



Bilateral trade between Grenada and Caribbean Community (CARICOM)

Product label	Grenada's imports from Caribbean Community (CARICOM) USD 1000				
	Value in 2006	Value in 2007	Value in 2008	Value in 2009	Value in 2010
Beverages, spirits and vinegar	18,656	20,106	19,457	19,674	20,510
Mineral fuels, oils, distillation products, etc	293,393	11,742	300,842	170,800	10,302
Paper & paperboard, articles of pulp, paper and board	10,244	10,091	10,246	9,393	10,293
Cereal, flour, starch, milk preparations and products	8,269	7,757	9,262	9,434	9,299
Sugars and sugar confectionery	5,397	6,459	6,143	5,507	6,535
Soaps, lubricants, waxes, candles, modelling pastes	6,298	6,384	6,394	6,945	6,451
Wood and articles of wood, wood charcoal	10,742	9,723	8,656	8,399	5,681
Fish, crustaceans, molluscs, aquatic invertebrates	4,182	3,346	4,584	5,304	5,296
Tobacco and manufactured tobacco substitutes	5,594	5,484	5,864	5,188	5,257
Miscellaneous edible preparations	3,697	3,913	4,651	4,352	4,958

Source: ITC



Bilateral trade between Grenada and Caribbean Community (CARICOM)

Description	Grenada exports to CARICOM USD 1000	
	2006	2007
Milling products, malt, starches, inulin, wheat gluten	4,192	4,485
Paper & paperboard, articles of pulp, paper and board	2,239	2,499
Residues, wastes of food industry, animal fodder	1,808	1,520
Tanning, dyeing extracts, tannins, derivs, pigments etc	760	804
Articles of apparel, accessories, knit or crochet	671	706
Ships, boats and other floating structures	17	615
Iron and steel	1,001	542
Coffee, tea, mate and spices	189	226



Description	Grenada imports from CARICOM (USD 1000)	
	2006	2007
Mineral fuels, oils, distillation products, etc	16,998	54,226
Salt, sulphur, earth, stone, plaster, lime and cement	6,993	8,769
Iron and steel	4,770	6,203
Articles of iron or steel	2,811	4,1156
Plastics and articles thereof	3,583	3,496
Cereal, flour, starch, milk preparations and products	3,374	3,451
Beverages, spirits and vinegar	2,917	3,133
Aluminium and articles thereof	3,236	2,878

Source: ITC



6. BARBADOS-GRENADA BILATERAL RELATIONSHIP

Barbados Exports to Grenada (USD1000)

Barbados's exports to Grenada				
Value in 2006	Value in 2007	Value in 2008	Value in 2009	Value in 2010
8,793	9,529	11,270	11,662	12,385

Source: ITC

Grenada Exports to Barbados in (USD1000)

Barbados's imports from Grenada				
Value in 2006	Value in 2007	Value in 2008	Value in 2009	Value in 2010
1,518	1,794	1,851	1,816	1,466

Source: ITC calculations based on COMTRADE statistics



Tourism

In most cases, visas are not required for travel to Grenada; entry permits are usually valid for 3 months. Non-Grenadians wishing to work in Grenada must first obtain a work permit from the Ministry of Labour, St. George's, Grenada. The annual cost at the time of writing is USD188 for CARICOM nationals, USD562 for Commonwealth and United States nationals, and USD750 for others.

Non-Grenadians wishing to purchase land in Grenada are required to apply to the Government for an Aliens Land Holding Permit. Alien Landholding Licenses cost 10% of the value of the land.

An applicant for permanent residence must have been living on the island for a period of at least 5 years. Documents required will include a birth certificate, police record, current bank statement, doctor's certificate and about 6 passport photos, plus a letter of recommendation.

The Minister of Tourism, Civil Aviation, Culture and the Performing Arts has overall responsibility for policy formulation and implementation in the tourism sector.²¹ Marketing, development, and promotion activities are carried out by the Grenada Board of Tourism, as well as by the private sector Grenada Hotel and Tourism Association.²² According to the authorities, emphasis is being placed on developing community tourism and niche tourism products such as diving, eco-tourism and a "total spice experience".

Grenada offers fiscal incentives to encourage the development or renovation of hotels of ten rooms or more.

The Government of Grenada levies a number of tourism-related taxes and charges: a US\$20 Airport Service Charge on passengers leaving the country by air; a US\$3 cruise passenger tax; a

²¹ Ministry of Tourism, Civil Aviation, Culture and the Performing Arts online information. Viewed at: <http://tourism.gov.gd>.

²² Grenada Board of Tourism online information. Viewed at: <http://www.grenadagrenadines.com/index2.html>; and Grenada Hotel and Tourism Association online information. Viewed at: <http://www.grenadahotelsinfo.com>.



hotel room tax of 8%²³; and a 7.5% refreshment charge on the purchase of food or drinks at hotels.²⁴

Arrivals from Grenada to Barbados 2008- 2011				
Month	Total Arrivals			
	2008	2009	2010	2011
Jan	400	347	365	374
Feb	443	345	333	292
Mar	536	472	381	336
Apr	415	532	341	488
May	622	501	598	519
Jun	477	445	481	424
Jul	552	572	501	618
Aug	559	525	506	533
Sep	376	374	340	323
Oct	461	392	394	419
Nov	371	327	351	314
Dec	374	399	350	NA
Total (yr)	5586	5231	4941	4640
AB Change	-	-355	-290	-301
% Change	-	-6.4	-5.5	1.1

²³ Caribbean Tourism Organization online information. Viewed at: <http://www.onecaribbean.org/information/documentview.php?rowid=4088>.

²⁴ Hotel Refreshment Charge Act, 1973.



7. MARKET ACCESS

Trade and Investment

Under the policy guidance of the Ministry of Finance and the Ministry of Trade, where appropriate, its primary objective is to promote employment in Grenada through encouraging foreign investment whenever possible. Although the Grenada Industrial Development Corporation (GIDC) has identified agro-processing, information communication technology, tourism, and financial services as areas of interest, it is not limited to dealing with investment in those areas alone. Grenada welcomes any foreign investment likely to have positive effects on income, employment, skills development, energy savings, the country's foreign exchange profile, or likely to promote technology transfers domestically. Foreign investors are encouraged to enter and operate enterprises in all fields of lawful economic activity except in very small-scale and low-technology services activities, especially in areas where local capacity exists.²⁵

The Government will not grant permission to non-nationals to invest in various activities including the retail and distribution trade, taxi and self-drive services, restaurants and catering, night clubs and services such as hair-dressing, laundry and dry cleaning, movie houses, travel agencies, real estate agencies, and certain types of domestic manufacturing.

Where an operation to be established through foreign investment will be based mainly on the processing or assembly of foreign materials or components which are produced and paid for outside of Grenada, the Government will more easily approve 100% non-resident ownership but still welcomes and encourages opportunities for equity participation by residents.

Generally, there are no restrictions on remittances of capital, earnings on, and liquidation proceeds from direct non-resident investment in Grenada. Profits or dividends arising in connection with a non-resident investment duly registered with the Ministry of Finance will be approved for remittance.

²⁵ OAS Foreign Trade Information System online information. Viewed at: http://www.sice.oas.org/action/grenada/GRENA_E2.asp#INVESTMENT.



The Government of Grenada has offered a wide range of incentives to potential investors. These include:

Under the Hotels Aid Act CAP 139 of 1935:

- Duty free importation of articles of hotel equipment and building material meant exclusively for the construction and operation of the hotel.
- Drawback of custom duties on articles of hotel equipment and building materials purchased in Grenada for the hotel.
- Complete or partial exemption from payment of tax on income arising from the operation of the hotel.

Under the Fiscal Incentives Act No.41 of 1974 (for manufacturing operations):

- Waiver of duties and taxes on the importation of plant, machinery, equipment, spare parts, raw materials and vehicles;
- Tax holidays periods as follows: up to 15 years, where the local value added is at least 50%, or for an 'Enclave Enterprise' producing exclusively for export to countries outside the CARICOM region; up to 12 years, where the local value added is not less than 25%; up to 10 years, where the local value added is not less than 10%.

Note: The Tax Holiday guarantees the waiver of payment of any tax on income, and duties on material, equipment, spare parts and components to be used in manufacturing during the period specified.



Trade Agreements

Grenada	
Multilateral Agreements	
Agreement/ Partner(s)	Date of Signature
World Trade Organization	22 February 1996
Customs Union	
CARICOM	4 July 1973 (Revised 5 Jul 2001)
Economic Association Agreements	
CARIFORUM- European Community	15 October 2008
Partial Preferential Agreements	
CARICOM-Colombia	24 July 1994
CARICOM-Venezuela	13 October 1992
Trade Agreements Signed but not in Force	
CARICOM-Costa Rica	9 March 2004
CARICOM-Dominican Republic	22 August 1998
Bilateral Investment Treaties	
United Kingdom	25 February 1988
United States	02 May 1986

Source: SICE,
Foreign Trade
Information
System



- **Export s**

I. Documentation & Procedures

Exporters are required to register with the Inland Revenue Department, Ministry of Finance for the purpose of paying taxes.

Export documents

- Bill of Lading
- Certificate of origin
- Commercial invoice
- Customs export declaration
- Packing list

Indicators	Grenada
Documents to Export (number)	5
Time to Export (days)	10
Cost to export (\$US per container)	876

Nature of Export Procedures	Duration (days)	Cost US\$
Documents preparation	5	134
Customs clearance and technical control	1	68
Ports and Terminal Handling	3	500
Inland transportation and handling	1	174
Totals	10	876

Source: The World Bank Group



II. Restrictions

Grenada prohibits exports of prepared opium, Indian hemp; and unfermented cocoa. Cocoa may be exported only with the written approval of the Grenada Cocoa Association, and exports of bananas may be exported only by the Grenada Banana Co-operative Society or persons authorized by them under license.²⁶

Licensing Requirements

The following are subject to approval and receipt of an export license.

- Exports of gas cylinders (HS 7311.00),
- coral (HS 0508.00),
- all mineral products (HS chapter 25),
- live sheep (HS 0104.10), and live goats (HS 0104.20)

Under Exportation of Fresh Produce Act No. 28 of 1998, a licence is required for exports of all fresh produce. The Agricultural Industries Protection Act, Cap 7 enables the Minister of Agriculture to prohibit temporarily the export of plants necessary for the establishment or extension of any agricultural industry in Grenada, or to make export contingent upon the receipt of a licence.

Export restrictions may also be applied on items considered to be part of Grenada's national heritage, in accordance with the National Heritage Protection Act, Cap 204. Restrictions on exports of oysters are regulated by the Oyster Fishery Act, Cap 223. Exports of nutmeg are regulated by the Nutmeg (Regulation on Export) Act, Cap 216. Export licences for nutmeg are valid for one year from the time of issuance.

²⁶ WTO document. Grenada TPR 2007.



IMPORTS

I. Documentation & Procedures

Import Documents

- Bill of Lading
- Certificate of origin
- Commerical invoice
- Customs imports declaration
- Packing List

Indicators	Grenada
Documents to Export (number)	5
Time to Export (days)	10
Cost to export (\$US per container)	876
Documents to import (number)	5
Time to import (days)	12
Cost to import (\$US per container)	2,028

Nature of Export Procedures	Duration (days)	Cost US\$	Nature of Import Procedures	Duration (Days)	Cost US\$
Documents preparation	5	134	Documents preparation	5	285
Customs clearance and technical control	1	68	Customs clearance and technical control	3	1068
Ports and Terminal Handling	3	500	Ports and terminal handling	3	500
Inland transportation and handling	1	174	Inland transportation and handling	1	175
Totals	10	876	Totals	12	2028

Source: The World Bank



II. Customs Valuation

Transaction value is almost never used, and there is no legal basis in Grenada for its application.

Tariffs are applied on the c.i.f. value of imports. A valuation database is constantly updated with reference prices to assist with the identification of under-invoicing. Minimum import prices are still used to determine the customs value of imports: The authorities indicate that many of these prices no longer reflect the actual prices of imports, but consideration is being given to an overall revision of the figures.²⁷

III. Rules of Origin

Grenada has not notified to the WTO its preferential rules of origin, nor the use (or non-use) of non-preferential rules of origin.²⁸

Grenada uses the rules of origin introduced by CARICOM in 1998. Duty-free treatment is accorded to CARICOM goods satisfying origin requirements only if they are shipped from other member States. No derogations from rules of origin requirements are currently applied. Grenada, like other CARICOM members, was expected to implement the rules of origin contained in the Amended Schedule I of the revised Treaty of Chaguaramas, based on the 2007 HS from 1 January 2007. Efforts are being made to introduce HS 2007 during the last quarter of 2007.²⁹

²⁷ WTO document. Grenada TPR 2007

²⁸ WTO document G/RO/W/106, 29 September 2006.

²⁹ WTO document. Grenada TPR 2007



IV. Tariffs, and other charges on imports

Taxes on international transactions in goods raised EC\$210.9 million in 2005, accounting for 58.6% of the Government's tax revenue (equal to 15.6% of GDP). The chief components of these international taxes were import duties (EC\$50.1 million) and the consumption tax on imports (EC\$109.8 million), which together provided around 44% of government tax revenue. The customs service charge, which is set at 5% on the c.i.f. value of all non-governmental imports, raised another EC\$44.5 million.

Grenada grants at least MFN treatment to all its trading partners. All rates are *ad valorem*, except on two sugar products.³⁰ The simple average MFN tariff in 2006 was 11.2% (Table III.3); the average aggregate import duty increases to 16.2% if the CSC is included. The average MFN tariff for agricultural products (WTO definition), at 18.2% (23.2% including the CSC) is well above the overall average. Tobacco, fish and fish products, fruit and vegetables, beverages and spirits, and live animals and products are subject to the highest average rates by WTO category. The highest rate (40%) is applied on a number of agricultural products. Among manufactures, higher-than-average rates are imposed on textiles and clothing, and leather and footwear.

Tariff preferences

Grenada grants duty-free access to imports from other CARICOM countries provided they meet the CARICOM rules of origin (with some exceptions). Exceptions include articles subject to licensing under Article 164 of the Revised CARICOM Treaty. However, preferential imports are subject to the customs service charge of 5% which is applied on all imports. .

Imports are also subject to the general consumption tax (GCT). The GCT differentiates between local production and imports, and between sources of imports. With a few exceptions, imports from non-CARICOM countries are subject to a rate of 25% on the c.i.f. value. The rate for all goods produced by local manufacturers and imports from CARICOM countries is 10% on the ex-factory price. Some goods in imported from outside the CARICOM, are also taxed at 10%. Lower rates apply to items such as beverages served in restaurants, most agricultural and food products (domestic and imported alike), utilities tariffs

³⁰ HS tariff headings 1701.991 (icing sugar) and 1701.999 (other sugar excluding raw sugar and sugar containing added flavouring or colouring); these items face specific duties of EC\$6.60 per 100 kg.



(excluding international telephone services), and medicaments. A number of services and all inputs used in the manufacture of local products are exempt from the GCT.

Petrol Tax (Amendment) Act No. 9 of 2006, , provides for a tax of EC\$3 per gallon of petrol imported for local consumption. The tax must be paid by the importer to the Comptroller of Customs.

An environmental levy is charged on vehicles, "white goods", and beverage containers imported into the country; this levy is also applied on households that consume 100 kilowatt hours or more of electricity per month, and on stay-over and marine visitors.

The levy on beverages is EC\$0.50 per plastic or glass container and EC\$0.25 for other containers; it is collected by the Comptroller of Customs upon import.

V. *Standards*

Grenada uses the harmonization system to adopt technical regulations or standards. The Grenada Bureau of Standards (GDBS), sets rules on standardization, testing, and type approval of goods. The GDBS is in charge of preparing and promoting standards in goods, services, practices, and processes. The GDBS is a member of Caribbean Regional Organisation for Standards and Quality (CROSQ) and the Pan American Standards Commission (COPANT), and a subscriber member of the International Organization for Standardization (ISO). It is also the national contact point for the Codex Alimentarius Commission. The GDBS recognizes all standards from members of the ISO. The GDBS has a number of technical committees in the areas of advertising, consumer products, engineering and environment, food and food products, fruits and vegetables, herbs and spices, tourism products and services, metrology, pesticides, pneumatic tyres, quality assurance, and certification.³¹

³¹ WTO document TPR Grenada 2007



VI. *Sanitary and phytosanitary measures*

Grenada does not maintain inventories of SPS measures in force, nor of products subject to SPS measures. The authorities could not approximate the number of SPS measures introduced since 2001. Trading partners are informed bilaterally by telephone contact and e-mail, about new or modified national SPS regulations that could affect trade. Grenada will typically contact countries in the immediate region (e.g., Barbados, Dominica, St. Vincent and the Grenadines, or Trinidad and Tobago).

Most testing is done internally, not at the border. Hurricane Ivan destroyed the country's laboratories, thus confining them to preliminary work; any further laboratory work has to be sent to other countries. Grenada lacks the equipment needed to test meat products to determine hormone levels. If the Veterinary and Livestock Department becomes aware of the use of hormones, it will not issue an import permit.

Imports of live animals and poultry, and carcasses or parts of animals and poultry require a special permit from the Chief Veterinary Officer. For sanitary reasons, licenses are also required to import birds, reptiles, or insects.

Imports of pesticides require licenses from the Pesticide Control Board under the Pesticides Control Act No. 18 of 1973. The authorities indicate that amendments to this law are under review, to take the form of a new Pesticides and Toxic Chemicals Act.



9. BUSINESS ENVIRONMENT

All companies/businesses operating in Grenada must register with the National Insurance Scheme and pay 4% (at the time of writing) of an employee's salary/wage plus a matched 4% from the employer.

Businesses must also be registered with the Department of Inland Revenue with respect to the payment of General Consumption Tax (GCT) on the sale of goods and services as follows:

- 10% on goods produced by local manufacturers;
- 10% on the service of overseas calls;
- 8% on food and beverages served in hotels and guest houses;
- 5% on all other services.

In January 2007, the government published a White Paper proposing the introduction of a Value Added Tax. It stated that it was committed to the introduction of VAT (which would replace the GCT) by January 2008.

Out of 183 countries, Grenada ranked 60th concerning the ease of conducting business in the Doing Business Report. The table below displays the number of days and the required number of procedures involved when conducting business in Grenada.



	Number of Days	Amt of Procedures
Starting a business	15	6
Dealing with Construction Permits	123	8
Obtaining Electricity	49	5
Registering Property	47	87

Source: World Bank Group . Retrieved from <http://www.doingbusiness.org>

<i>Tax or Mandatory Contribution</i>	<i>Statutory Tax Rate</i>	<i>Tax Base</i>	<i>Total Tax Rate (%Profit)</i>
<i>Corporate Income Tax</i>	<i>30.0%</i>	<i>Taxable profits</i>	<i>27.6</i>
<i>Stamp tax on sales</i>	<i>0.50%</i>	<i>Sales</i>	<i>8.8</i>
<i>Social security contributions</i>	<i>5.0%</i>	<i>Gross Salaries</i>	<i>5.6</i>
<i>Property Transfer Tax</i>	<i>5.0%</i>	<i>Sale Price minus XCD 20,000</i>	<i>2.9</i>
<i>Property Tax</i>	<i>0.3% and 0.2%</i>	<i>Property Value</i>	<i>0.3</i>
<i>Vehicle Tax</i>	<i>Fixed value</i>		<i>0.1</i>
<i>Tax on cheque transactions</i>	<i>XCD0.01</i>	<i>Per cheque</i>	<i>0</i>
<i>VAT</i>	<i>15.0%</i>	<i>Value added</i>	<i>(not included)</i>

Source: The World Bank Group. Retrieved Jan 3 2012 from www.doingbusiness.org